

**Department of Health and Human Services Child Care  
Payments Excluded from Income Consideration**

**Purpose:**

This instruction sets forth the policy to clarify that any benefits received under these grant programs are to be excluded from income consideration in the income eligibility process for all Child Nutrition Programs.

**Scope:**

Sponsors participating in the National School Lunch (NSLP) and/or School Breakfast Programs (SBP).

**Description:**

The first of these programs is the Aid to Families with Dependent Children (TANF) At Risk Child Care Program. Its purpose is to provide child care for low-income, working families, who are not receiving TANF, need child care in order to work, and would otherwise be at risk of becoming eligible for TANF. The second is the Child Care and Development Block Grant which is intended to increase the availability, affordability, and quality of child care, early childhood development, and before- and after-school services for low income families.

The statutory provisions governing the TANF At-Risk Child Care Program specify, ". . . the value of any child care provided or arranged (or any amount received as payment for such care of reimbursement for costs incurred for the care) under the Grants to the States, shall not be treated as income . . . for purposes of eligibility for or amount of benefits upon need . . ."

The authorizing legislation made no such stipulation for the Child Care and Development Block Grant. In 1992 USDA addressed how benefits received under the Block Grant would be considered when individual eligibility determinations are made for the Child Nutrition Programs. USDA specified that benefits received should not be considered as income unless they were received in the form of cash or any instrument that could be converted to cash. However, Public Law 102-586, the Juvenile Justice and Delinquency Prevention Amendments of 1992, enacted November 4, 1992, overrides our previous guidance on this issue. It states, "The value of any child care provided or arranged (or any amount received as payment for such care) [under the Child Care and Development Block Grant] shall not be treated as income for purposes of any other Federal or federally-assisted program that bases eligibility, or the amount of benefits, on need."

Therefore, any benefit from either of these child care grant programs, including cash payment, should not be considered as income when determining eligibility for participation in the Child Nutrition Programs.

This change has been incorporated in the "Eligibility Guidance for School Meals Manual," Page 35, Q & A No. 2, federal program payments excluded from consideration as income.

**SOURCE:** MARCH 24, 1993, MEMORANDUM FROM THERESA E. BOWMAN; REGIONAL DIRECTOR, CHILD NUTRITION PROGRAMS, UNITED STATES DEPARTMENT OF AGRICULTURE MIDWEST REGION.